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WHAT FINLAND IS DOING TO SOLVE FARM PROBLEMS

REPORT FROM INDIA

MOZAMBIQUE BOOSTS OUTPUT AND EXPORTS

NOV 21 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

NOVEMBER 6, 1967
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Finland's topography—mostly forests and lakes—and its far-northern location have not kept it from becoming largely self-sufficient in food production. But its farmers do have problems, discussed in article opposite.

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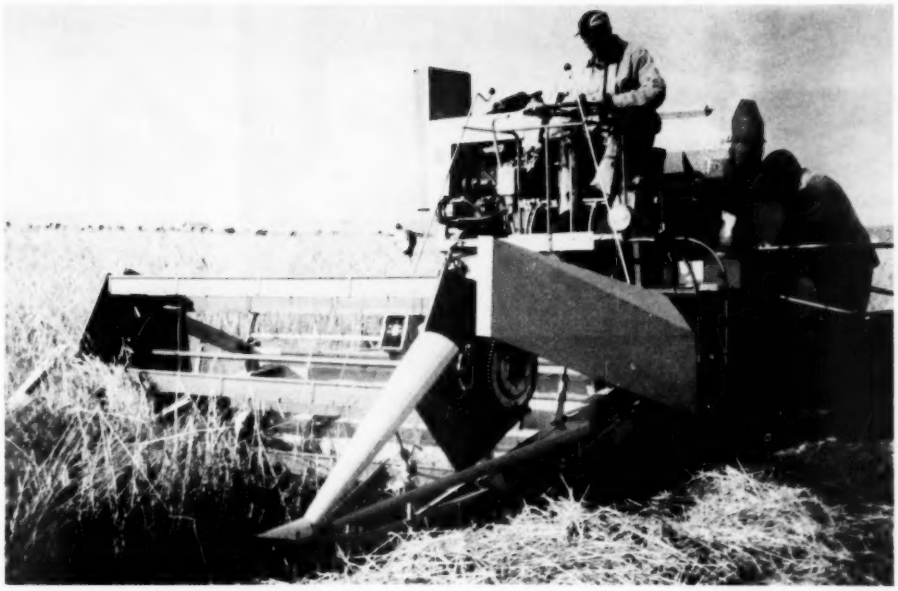

Farmers in Finland harvest grain. This country has practically reached self-sufficiency in breadgrain production, and imports of hard wheat are being made in decreasing quantities.

Finnish Government Seeks Solution to Farm Problems

By MARTTI KORPELA
U.S. Agricultural Assistant, Helsinki

Despite rather unfavorable climatic and soil conditions, Finnish farmers and processors have developed a generally high-quality agriculture that provides a large percentage of the food needs of their country's 4.5 million people. Agriculture also contributes largely to Finland's overall economy in a two-way partnership with industry: Roughly 25 percent of total industrial production consists of processed commodities from domestic farms, while farmers, in turn, are important customers for domestically produced machinery, manufactured feeds, and fertilizers.

Nevertheless, Finnish agriculture today is under pressure from problems rooted in the immediate postwar period—problems which the government is trying to solve through its farm-policy programs. Production was controlled during the war, and the supply of agricultural commodities tight. During the 1950's farm policy was geared toward regaining self-sufficiency while at the same time resettling in Finland 40,000 farm families from Karelia, a Finnish area lost to the Soviet Union in the World War II peace treaty. Both these goals were accomplished by the mid-1950's—the families being settled chiefly on parcels of land from formerly large estates and also on new farms. While socially necessary, these postwar agricultural policies have contributed largely to some of the fundamental economic problems now faced by Finnish agriculture.

Foremost among these is the small farms which predominate in Finland as they do in other Scandinavian countries. The fragmentation of old farms—by the government or by inheritance—and the clearing of fields for new units have increased small-scale farming. Of the 290,000 farms having at least 2 hectares (2.5 acres per hectare) of arable land, more than 90 percent are under 20 hectares.

Despite rapid urbanization since the 1950's, the number of farms and farmers is still too high to produce income parity in comparison with other sectors of the economy. The agricultural share of Finland's total national income in 1966 was only about 8.7 percent and that of forestry 7.7 percent, while some 1.2 million people or almost 25 percent of the population were engaged in these two pursuits. Although agriculture's share of national income is small in proportion to the farm population, it is worth noting that individual farmers own most of the country's productive forests, on which the leading export industry, wood processing, is based.

A shortage of alternative jobs—because of the slow rate of industrial diversification—has been cited as the main reason for the permanence of the agricultural vocation. This contrasts markedly with the situation in Sweden, where a shortage of labor in industry has so far helped to depopulate the farms.

Government establishes development fund

The future trends of Finnish agriculture and the need for restructuring farms have been among the major concerns of the Finnish Government since the Social Democratic Party's landslide parliamentary victory over the Agrarians in May 1966. Last fall, the new government submitted to Parliament legislation for a special Agriculture Development Fund. This legislation was to replace the old Settlement Fund Law and is an instrument for reconstructing Finnish agriculture. The bill was passed in December and became effective in January.

Under the Fund, loans are granted for the following:

- To promote acquisition of additional land for small farmers.
- To consolidate small farms into larger units.
- To prohibit injurious splitting of farms.
- To improve conditions on existing farms to make them more profitable.

The Fund legislation stipulates that the above should be

Above, Ayrshire cattle, an important breed in Finland which is a big producer of milk and dairy products; right, a farmhouse is raised.

accomplished with consideration for its effects on the entire economy. Although rapid and dramatic results can hardly be expected in the near future, it is significant that major emphasis in governmental settlement activity is now placed on the technical and economic improvement of existing farms and that the creation of new farms has been practically discontinued.

Further legislation, currently in Parliament, seeks to prevent the subdivision of farm units—a practice that has been permitted for several decades. This bill has been held up by difficulties in judicial interpretation. If it passes, new ways of financing agriculture will have to be devised, since much of the subdivision—particularly of inherited farms—has resulted from a shortage of capital in agriculture.

The Finnish Government tried to alleviate this shortage of capital back in 1965 when Parliament passed the Agricultural Basic Credit Law. According to this law, low-interest loans subsidized by the government may be granted to farmers for purchasing additional land (including purchasing from co-inheritors) and for farm management. Although this legislation could be quite effective in restoring the structure of Finnish agriculture, the tightness of the money market in recent years has to some extent inhibited this goal.

Farm income lagging

Stabilization of farm income is another of the major problems facing Finnish agriculture today. As in many other countries, farm income has lagged behind that of other sectors of the economy. For the past 10 years, the Finnish Government has attempted to support the farmers' standards of living through various Agricultural Price Laws based on the principle that farm income should keep pace with the level of general earnings. The Agricultural Price Laws, especially the most recent one enacted last March, are covered in detail on page 5.

The old policy encouraging new farms and the production policies following World War II, as well as the rapid mechanization and intensification of farming in general, brought on a third problem in Finnish agriculture—one of overproduction. In recent years, overall agricultural output has shown an increasing trend. Today, Finland produces 20 percent more milk than it consumes, and the total egg supply exceeds demand by 25 percent. Because of good feed-crop prospects and increasing numbers of hogs and cattle, considerable surpluses of meat—particularly pork—are expected despite a potential rise in domestic consumption.

Finland has practically reached self-sufficiency in breadgrains, primarily because of stimulating policies for these crops. Imports of hard wheat for blending, mainly from the United States and Canada, are being made in smaller quantities. Considering the downward trend in domestic grain consumption, any substantial increase in the present production capacity could easily cause a surplus.

Despite present overproduction and the prospect of further surpluses, any attempt to curtail production will be difficult to carry out, again because the country's 2.7 million hectares of cultivable land are inhabited by too many farmers on too many small farms.

Plans to curtail sugar output

Although the government has been unable to adopt an effective means of curtailing output of major items, Parliament on June 13 passed a new Sugar Law to reduce domestic sugar production. Under the new law, the national self-sufficiency of the sugar supply has been lowered permanently from 20-30 percent to 20 percent. The government expects to reach this target by drastically lowering the producer price of domestic sugarbeets. As anticipated, the new sugar legislation raised strong dissatisfaction among farmers.

Because its production of many agricultural commodities exceeds domestic needs, Finland has become a net exporter of such items as eggs, dairy products, pork, and occasionally beef and feedgrains. Exports are heavily subsidized to offset high costs of production costs and to lower world market prices.

Countries of the European Free Trade Association (EFTA), of which Finland is an associate member, are among the major foreign markets, but a substantial portion of Finland's farm exports has gone to the European Economic Community countries. However, because of EEC import restrictions on farm products from third countries, Finland is losing its important traditional markets in the Community. The market for eggs has practically disappeared, and the prospects for future cheese exports are highly uncertain since EEC countries are rapidly expanding

production of dairy products. On the other hand, shipments of dry milk, cheese, cattle, and eggs to the Soviet Union have increased in recent years, as have farm exports to other countries with which Finland has bilateral trade agreements.

The effects on Finnish agriculture of the economic integration of Western Europe, as well as Finland's obligations as an associate member of EFTA, are becoming major issues in farm policy debates. The government is aware that its future farm policy and its general economic policy must be considered in the light of possible changes in the patterns of European economic integration. The President of Finland pointed out in an address to the National Farmers' Union last June that these changes are bound to affect the country's agriculture, whose restructuring cannot be long delayed. Going a step further on the same occasion, the Secretary General of the National Farmers' Union observed that liberalization of international trade and tightening competition in world markets may create hard times and severe adaptation problems for Finnish farmers. This dilemma, he said, might be ameliorated if agricultural policy is adapted successfully to these changing conditions.

Finland Passes New Price Act To Stabilize Agricultural Income

The Finnish Parliament recently enacted a new Agricultural Price Act aimed at curbing upward pressures on farm prices and protecting farm families from rising living costs.

The use of such price laws to bolster farm income is widespread in the Scandinavian countries, as well as in many countries of Western Europe. Generally, they have taken many forms and been implemented in different ways, depending upon the current agricultural situation in the particular country.

Under the Agricultural Price Laws in Finland, in use since 1952, prices are established in advance of a crop year. This has frequently encouraged farmers to increase output of certain commodities and thereby raise the national self-sufficiency levels—a major goal of Finnish farm policy. The price laws have been supplemented by various subsidies (on exports or to farmers in particular regions, to mention a few) in order to make farm income reasonably equitable with that of other sectors of the economy—a second important target of farm policy. Although the basic policy objectives have not changed, some modifications of the technical measures used in implementing farm legislation have been required. These are particularly evident in the new act enacted last March.

The act fills a vacuum that has existed since the former 3-year Agricultural Price Act expired in 1965. Between 1965 and 1967, the Finnish government computed agricultural income adjustments under the provisions of the expired legislation.

Establishes formula for target prices

Under the new act, as under the old, target prices are established for the country's principal farm commodities—wheat, rye, milk, pork, beef, and eggs. These commodities were critically scarce during the 1940's. In recent years, however, their production has reached high levels, and two of them, eggs and milk, are in surplus supply.

The new act differs from the old in the way that target prices are determined. Formerly, the index of wages in the non-farm sector was an important element in the formula for calculating target prices for agricultural products. This index has risen rapidly—9 percent in 1965 and another 7 percent in 1966. Thus, the inflationary pressure of the rapid rise in wages in the non-farm sector was exacerbated by the use of the index of non-farm wages as a component in determining the increase in target prices for agricultural products.

Now, the target prices will be adjusted to reflect movements in two indexes, both measuring changes in prices directly affecting the agricultural sector. These two are an index of prices paid by farmers for production requisites such as fertilizer, feed, fuel, machinery, and buildings and a modified cost-of-living index that includes a wide range of consumer items purchased by farmers, except for the target-price products.

Another important distinction between the old and new laws is the amount of output covered by the target prices. The farmer previously did not receive the target prices for any production above a pre-established level. Under the new laws, there is no limit to the production covered by the target price.

Milk price raised

The Finnish Government made its first agricultural price adjustment under the new act in late August, calling for sharp increases in the level of price subsidies. The major share of the increased supports will provide a higher producer target price for milk, the only major farm commodity whose output has shown a downward trend in recent years. The only other commodity for which the producer target price was raised is beef.

Since nearly all Finnish farms produce some milk, the higher dairy subsidy will have a broad effect. It will especially favor small farm units, where dairying tends to be the main activity.

Looking positively at the future, the new act probably will tend to alleviate long-run inflationary pressures in the Finnish economy by dampening increases in the target prices of particular agricultural products—provided the index of farm expenditures does not rise significantly. Also, the application of target prices to entire output, rather than to just an established amount, may result in some immediate increase in farm income. On the other hand, a dampening of the increases in target prices could widen the gap between farm and non-farm income in the years ahead, and the removal of limitations on the amount of output covered by the target prices may encourage farmers to increase production, including output of some commodities—like dairy products—already in surplus.

The new act probably represents a compromise between the dominant Social Democrat and the Agrarian (Center) parties. The Social Democrats have been advocating lower agricultural price supports and consumer prices, while the Agrarians have been seeking to maintain farm supports at high levels.

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Economic Prospects Brighten in India As Drought Breaks

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After 2 adverse years, India's 1967-68 agricultural year (July-June) opened with generally timely and adequate rain. Excessive rain caused some flooding in north India. Nonetheless, the favorable growing conditions, associated with Indian efforts to increase production, presage record yields of many crops, including grains, oilseeds, and possibly cotton. The Indian Government's forecast of 95 million tons for total 1967-68 foodgrain production was not only well above the record 89-million-ton harvest of 1964-65, but also well above the total 1966-67 supply of 85.3 million tons including imports.

If this foodgrain production forecast is realized, there will obviously be great benefit to India's economy. Many rural inhabitants exhausted their resources during the 2 previous years of drought. In the coming year, they will need and use more food and clothing; in fact, their expected greater use of food is likely to result in less of the excellent crop being marketed than would normally be anticipated. Their purchases of more clothing should stimulate the sluggish textile industry.

The movement of the *kharif* (November-December) harvest in volume to markets during December and January might make it possible for the government to materially reduce its releases of grain (largely imported) for distribution through fair price shops. But much of the increase in domestic production will be used up in replenishing emergency reserves of grain at the farm, dealer, and household levels. Consequently, replenishment of reserves at the Central level, plus the requirements of the distribution system in urban areas, will in considerable measure have to be met from imported grain.

The 1966-67 foodgrain supply

In contrast to the promising prospects for 1967-68, latest official estimates place India's total foodgrain production in 1966-67 at 76 million metric tons, 4 million above the abnormally low output of 72.3 million in 1965-66 and 13 million below the 1964-65 record.

Except for barley and gram (chickpeas), production of all foodgrains showed some recovery over 1965-66 levels. However, the absence of any carryover stocks from the 1965-66 harvest, plus the drought that affected parts of the country for 2 years in a row, made 1967 a much more difficult year than 1966. The gap between domestic availabilities and minimum requirements—to be met by imports—was estimated at 10 million tons. In view of the acute shortage of foreign exchange reserves, the government sought food aid from a number of friendly countries. Large quantities of foodgrains were requested under the foreign currency sales program of Public Law 480. Several countries offered donations or gifts of foodgrains and other food items and of agricultural inputs. Commercial imports of wheat and rice were also arranged to the extent permitted by the foreign exchange position.

Provisionally estimated, foodgrain imports from all sources during 1966-67 (July-June) reached a record 9.3 million tons—6.4 million of wheat, 2.2 million of milo (grain sorghum), and 679,000 of rice. These compared with totals of 8.9 million tons for 1965-66 and 7.4 million for 1964-65. As in previous years, the United States was the largest source in 1966-67, supplying 70 percent of the wheat, all of the milo, and 9 percent of the rice.

Short supplies, high prices

Besides arranging for large imports from abroad, the government took measures to intensify procurement within the country, in an effort to acquire sufficient food stocks for distribution of a significant portion of the marketable surplus at controlled prices.

Prices of most cereal grains and pulses rose to new highs in the open market during the past year. The all-India index of wholesale cereal prices rose from 169 in September 1966 to 194 in February and March 1967, dropped slightly to 192 in April, and then again rose to 209 in June 1967. The rice price index, which showed a marginal decline from 172 in August 1966 to 168 in November, increased to 203 in June 1967. The wheat price index rose from 147 in September 1966 to 191 in March 1967, dropped to 183 in April and 178 in May, but then rose to 196 in June.

It should be noted that the break in the prices of rice and wheat just after harvest this past year was very brief and very small. During July 1967 there was a further sharp price increase for most foodgrains, and the index for cereals as a group touched 225.

While Andhra Pradesh, Madras, Assam, Punjab, Haryana, and Madhya Pradesh continued to have ceiling prices on rice, rigid enforcement of these prices was not practicable because of administrative difficulties and political considerations. Ceiling prices on wheat were in force only in Madhya Pradesh, and they were withdrawn effective June 2, 1967.

Public distribution of foodgrains at subsidized prices was expanded, to minimize the difficulties arising from short supplies and high prices on the open market. The number of fair-price ration shops selling government stocks of foodgrains totaled 150,000 at the end of June 1967, against 139,000 in December 1966 and 115,000 in June 1966. Open market prices for wheat and milo have generally been from 50 to 100 percent above those at the fair-price shops; for rice, the range is greater, with open market prices 100 to 200 percent higher.

Problems of distribution

It is estimated that 241 million people or 46 percent of the total population are served to some extent by the public distribution system—30 million under statutory rationing and 211 million under informal rationing. Limited distribution of food free or in exchange for work was also continued in some acute drought areas.

Efforts were made to procure as much home-grown grain as possible through compulsory collections or preemptive purchases from producers, traders, and millers, although public supplies were dominated by imported grains. The procurement activities of the Food Corporation of India were enlarged; procurement prices were raised to bring them closer to prevailing market prices.

Despite these measures, procurement was well below tar-

get levels in most States. Total domestic procurement by the Center and the States approximated 3.6 million tons during 1966-67. But distribution from Central stocks alone —to State governments, roller flour mills, and directly to retailers—totaled 10.8 million tons, comprising 7.1 million of wheat, 1.5 million of rice, and 2.2 million of milo. This compares with a total distribution of 9.6 million tons from Central stocks in 1965-66. Currently, the Center is distributing between 800,000 and 850,000 tons of foodgrains per month.

The public distribution system experienced difficulties connected with import uncertainties, poor domestic procurement in some States, and unforeseen developments such as the sudden stoppage of rice exports by Burma during April and the closure of the Suez Canal in June. But the government was able to avert major breakdowns in the rationing system by the timely adoption of ad hoc stop-gap measures. The fact that there have been no large scale starvation deaths, food riots, or acute distress indicates the government's effectiveness in tackling a situation of scarcity. It also indicates the people's readiness to utilize substitute foods in the event that supplies of their staple grain became inadequate or unavailable. To a significant extent, it may also indicate greater availabilities than the statistics show.

Although the most difficult part of the 1967-68 agricultural year has already passed, the situation will continue to be uneasy until the arrival of the main (kharif) harvest in November-December. The P.L. 480 program for an additional million tons of U.S. grains, signed in September, will —with some slippage in September-October arrivals— largely take care of the minimal needs of deficit areas, at least through November. Meanwhile, weather conditions have continued generally favorable throughout the country. As of mid-October, prospects for the kharif grain harvest remained good to excellent.

Government efforts to increase farm output

The continued shortage of food made the price support program for grain, initiated in 1965, of academic interest for crops produced in 1966-67. This food shortage, however, emphasized the necessity for increased productivity, and the government has fully accepted the principle of price support. As the 1967-68 harvest approaches with the prospect of bumper crops, the major question appears to be whether the mechanism is adequate to implement price supports, rather than whether such supports are desirable.

Support prices for the 1967-68 rice crop have been raised 7 to 16 percent compared with the previous year's level, with prices for marginal wheat States set higher to prompt them to expand the area under wheat cultivation. The enhanced support prices range from 49.50 rupees per quintal to 57.50 in the major wheat-producing States and from 52.75 to 60.75 in other States. Support prices for the 1967 gram harvest were also increased, by 8 percent over the 1966 level.

Support prices for the 1967-68 rice crop have been raised by 10-20 percent over those of 1966-67. Increases in support prices for the 1967-68 kharif coarse grains (milo, millets, and corn) range from 5 to 17 percent.

Government efforts to encourage increased production and use of fertilizers continue. In the past year, the government partly withdrew its controls on fertilizers (mostly nitrogenous) in the Central Fertilizer Pool. Effective October 1966, local manufacturers of pool fertilizers have been permitted to market 30 percent of their production freely in areas of their choice and at prices to be determined by them. Distribution and prices of the remaining 70 percent of their production, plus all imported supplies, continue to be controlled by the government. However, the government had plans to extend the free marketing of nitrogenous fertilizers to 50 percent of the manufacturers' production from October 1967 and to 70 percent from October 1968.

Prices of nonpool fertilizers continue to be fixed by the Fertilizer Association of India and the manufacturers, in consultation with the Ministry of Food and Agriculture, on a voluntary basis.

Several widely publicized farm programs are now being subsidized by the Central Government to the extent of 75 percent of their operational costs. These are the High-Yielding Varieties program, the Intensive Agricultural District and Area programs, the Multiple Cropping program, and the program for intensive cultivation of commercial crops. In addition, the Central Government assists agricultural development programs by means of easy loans ranging from 25 to 60 percent of program costs; and State Governments are free to give subsidy and loan assistance out of their own resources.

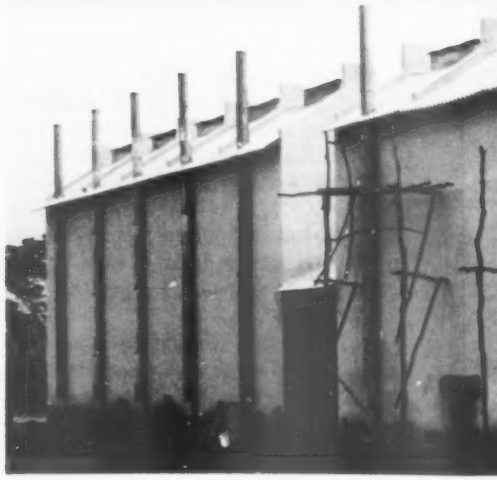
Status of development plans

The pattern of Central Government subsidies to be made available during the Fourth Five-Year Plan period (April 1966-March 1971) was recently completed by the Planning Commission in consultation with the State Governments. It provides for Central assistance for development programs ranging from 15 to 100 percent of the total program costs. Programs qualifying for these subsidies include development of improved seeds, demonstration of new farm implements, research on agricultural and horticultural crops, plant protection operations, agricultural extension training, soil conservation, land reclamation, minor irrigation, fisheries, livestock development and disease control, development of subsidiary foods, cold storage facilities, and forestry reserves.

One measure of India's difficult economic position during the drought years is the fact that the government still has not been able to finalize the draft outline of the Fourth Five-Year Plan, though it was presented to Parliament on August 29, 1966. As a stopgap, the Planning Commission has prepared an Annual Plan for 1967-68 in consultation with the State governments. This plan accords the highest priority to agricultural production and allied programs. Also, it gives priority to activities catering to the needs of agriculture, such as irrigation-oriented rural electrification and the production of fertilizers, pesticides, and agricultural implements.

The 1967-68 Plan has a total outlay of 22,460 million rupees, of which over 23 percent has been allocated for agricultural development, community development, cooperation, and irrigation. The Plan incorporates development programs to reach a production potential of 100 million tons of foodgrains, 9 million tons of five major oilseeds, 12 million tons of sugarcane in terms of gur, 7 billion bales (of about 397 lb. each) of cotton, and 7.5 million bales of jute. It can be assumed, however, that these are goals for the longer period rather than the current year, since even the record 95-million-ton forecast for 1967-68 foodgrain production would represent a shortfall.

Mozambique Boosts Agricultural Output and Exports in 1965-66



Farmers in the Portuguese Province of Mozambique—on the southeast coast of Africa—fared well in 1966-67 and can expect another good year in 1967-68. Production was up for most major crops last year, despite cyclone and flood damage in the south, and agricultural exports were at a higher level than in 1964-65. Ongoing expansion programs for agriculture were continued in 1966, but no new policy issues were introduced.

Agriculture in Mozambique employs over 80 percent of the population of the country and supplies 65 percent of its gross domestic products. However, less than 3 percent of the country's regular annual budget is spent on agriculture. Money which is invested goes toward veterinary services, tsetse fly combat, land surveys, and the Cotton Institute.

Mozambique is about to embark on its third 6-year Development Plan, 1968-73. It is envisaged that about 15 percent of a total investment of US$547.4 million will be spent on agriculture. (This investment does not include financing of the large Cabota-Bassa Scheme.) In the interim 3-year Development Plan which Mozambique is just completing, some $18.5 million—25 percent of the total investment—was spent on agriculture. The largest share went into the development of irrigation and land settlement schemes for farmers.

Some important developments in 1966 included the resuscitation of Mozambique's land bank, the establishment of a guaranteed internal market for local beef production, and a guaranteed government loan of US$7 million to the local vegetable oil crushing industry. Also, contracts were drawn for the local manufacture of condensed milk, cheese, and butter—traditionally large import items.

During the year plants were built for cashew nut shelling, in Nacala and Inhambane; and for rice milling, dairy, and sausage processing near the capital Lourenço Marques. A new sugar terminal was built at Lourenço Marques and the Province's first sugar refinery at Luabo.

Weather problems in the south

The 1966-67 agricultural season in Mozambique was generally good, although severe weather hit crops in the south for the second consecutive year. Cyclone Claude in early 1966 and river floods in early 1967 damaged bananas, rice, peanuts, vegetables, corn, cotton, and sugar. Because of resulting food shortages large quantities of vegetables and fruit had to be imported from South Africa.

The extent of damage to crops has been estimated at about $3 million. The government is providing financial assistance to farmers who have been hardest hit, and the South African Banana Control Board loaned approximately $98,000 to the Banana Growers Association in Sul do Save. Bananas in this area were so hard hit that exports ceased for 1967.

Despite the poor start in the south, favorable weather conditions in most other areas of the Province helped to improve the overall agricultural situation. Gains are reported in the production of all industrial crops—sugar, cotton, cashew nuts, sisal, copra, and tea—and another record corn crop is now expected because of the bumper harvest in central and northern districts. Rice and peanut production prospects improved during the year, but their production at best will be maintained at last year's level. Acreage planted to potatoes in 1967 was larger than in previous seasons. Further gains are reported in the production of minor fiber (kenaf and coir) and oil-bearing crops (sunflower, mafurre, sesame, and castorbeans).

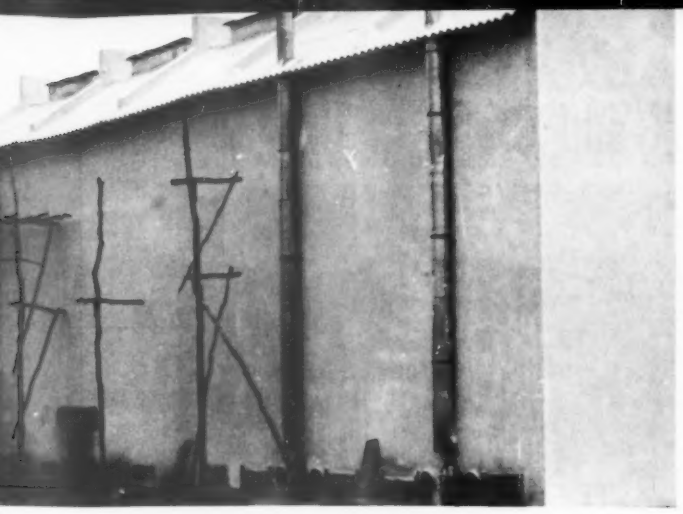
Because of the generally good production levels, exports of agriculture products were slightly higher last year than in 1965. They totaled $1.3 million—about 80 percent of the total value of all exports—compared to $1.2 million in 1965.

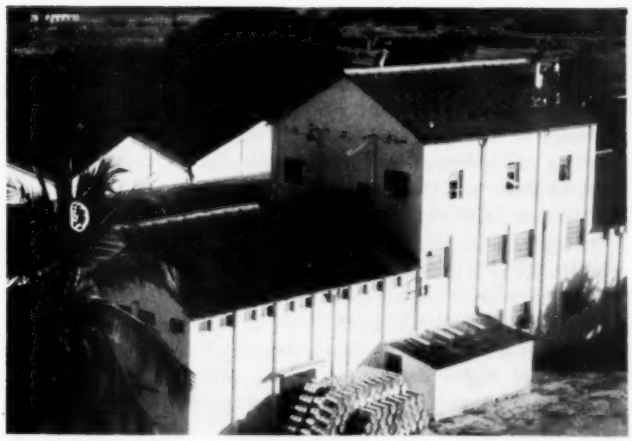
Traditionally, Mozambique's six leading agricultural exports have been raw cotton, raw sugar, cashew nuts, tea, sisal, and copra. The pattern is changing, however; last year cashew kernels replaced cashew nuts as the No. 1 export item in terms of value and will likely repeat their good performance in 1967. Exports are expected to be up this year for raw cotton, tea, and copra, and at record levels for corn, and vegetable oils and fats. Fewer shipments are likely for raw sugar, cashew nuts, and sisal—because of expanding needs in the domestic industry—and for bananas and citrus fruits, because of poor crops.

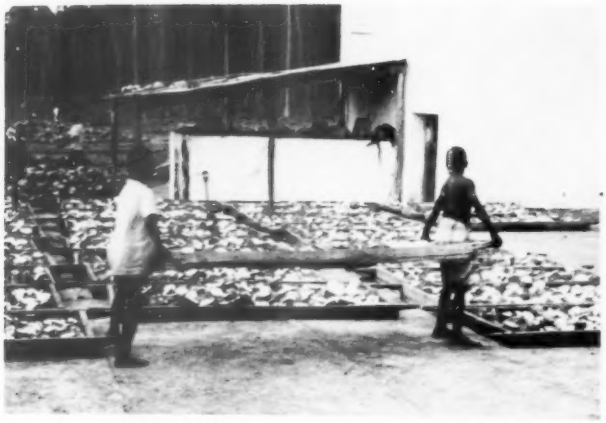
How the important crops are doing

Here is an analysis of the six top export commodities in 1966 and the outlook for 1967:

Cotton. Exports of raw cotton totaled 28,164 metric tons in 1966 valued at about US$19.7 million, compared with 31,399 tons at $22.2 million the year before. All exportable lint goes to Portugal. Production of seed cotton—which is increasing steadily—in 1967 approximated 119,500 metric tons, up 5 percent from the preceding crop. Producer and







Counterclockwise from above, grain mill in Beira; barns for flue-cured tobacco in Zonue, Mozambique, experimental station; at Sofala, boys unload trays of copra, which dries in the sun.

export prices for 1966-67 are unchanged from 1965-66.

Sugar. Exports of sugar in calendar 1966 totaled 147,069 metric tons valued at $18.6 million—up 55 percent from 1965, a new record. The bulk of exports is shipped to Portugal at fixed prices. This year production is forecast at 240,000 metric tons—up about 34 percent from 1966. Mozambique's first sugar refinery reportedly will supply all the Province's sugar needs in 1968.

Cashew nuts. Exports in calendar 1966 totaled 77,235 metric tons valued at $17.5 million, compared with 98,699 tons at $19.7 million in 1965. Traditionally over 90 percent of total pickings is shipped to India, but this trend was reversed in 1967 due to expanding processing capacity in Mozambique from the establishment of several mechanical nut-shelling plants. Pickings in 1967 are estimated at 170,000 metric tons—a new record—and will likely increase.

Tea. Production of tea in 1966 reached a new record of 13,950 tons, up nearly 30 percent from that of 1965. Exports in 1966 totaled 12,950 tons valued at $10.2 million, compared with 1965 shipments of 10,091 tons at $8.2 million. Production for 1967 is forecast at about 15,000 tons.

Fibers. Sisal exports during 1966 fell off appreciably, amounting to 26,694 metric tons at $5.2 million, compared with 31,381 tons at $7.0 million in 1965. Best buyers last year were Portugal, the Netherlands, France, and West Germany. Sisal production for 1967 is estimated at about 31,000 metric tons, about the same as last year.

Output of *kenaf* is expected to increase about 2,000 tons from the 1966 level of 7,000. *Jute* production is static at about 500 tons. Production of *coir* is expanding rapidly and will likely exceed 1,000 tons in 1967.

Copra. Shipments of copra in calendar 1966 showed a substantial increase over those of 1965 in terms of volume but only a slight gain in terms of value, reflecting a deterioration in world market prices. A total of 33,919 metric tons of copra valued at $6.74 million was exported from Mozambique, compared with 28,574 tons at $6.72 million the year before. Spain and Portugal were the two leading buyers of Mozambique copra in 1965 and 1966.

Copra production continued to pick up in 1967. The present output is estimated at 60,000 tons, 9 percent more than that estimated for 1966. Exports in 1967 may show a fractional increase over last year's, but in view of poor world prices production is not expected to increase at the same rate as in the past 2 years.

Imports headed by wine and wheat

Agricultural imports in 1966 totaled $35.4 million—15 percent of the value of all imports. Common wines continue to head the list of imports, but their value will likely be down this year since a local company has begun to bottle imported Portuguese wines, now shipped in bulk to Mozambique.

Corn imports will again be reduced this year, but wheat imports will show a further increase, continuing to rank as the country's second most important agricultural import. All indications are that wheat imports will continue to increase in the foreseeable future. On the other hand, imports of condensed milk and cream—fourth largest import in terms of value—should begin to decline in importance when large-scale domestic production begins in 1968.

—Based on dispatch prepared by CARLOS A. VIEIRA
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Severe Weather Damages Livestock and Crops in Uruguay

By HENRY L. BUCKARDT
U.S. Agricultural Attaché
Montevideo

So far this year Uruguay has been plagued with the most devastating combination of weather conditions on record. Damage to livestock and crops by drought, floods, and freezing temperatures has cost farmers and ranchers millions of pesos and the Uruguayan Government a substantial amount of its needed export income.

Uruguay is usually favored with a year-round temperate climate. Land is protected on the west by the Andes Mountains and receives warm tropical winds from Brazil. Temperatures rarely are extremely high in the summer or go more than a few degrees below freezing for a few hours one or two nights during the winter. Rainfall, however, follows an irregular pattern. Long rainy periods may be followed by long droughts in any series of months at any time of the year. Winds are generally from the south and west, sometimes at hurricane force.

Drought, rain, and freezes

But this year the weather has gone from one extreme to the next. From January to April it was dry, with serious drought conditions prevailing in parts of the country. In May rains started pastures and plants growing again. Record freezes set in during June—normally a cold month for the Southern Hemisphere—with temperatures as low as 10°F. for several consecutive hours. The freeze retarded growth of pasture grasses, and damaged fruitwood, semitropical flowers, and trees and vegetables.

Then came the June and July floods. Lowland areas near rivers and streams were turned into large bodies of water, and over 121,500 acres of farmland in the Department of Rocha were flooded. People were evacuated from their homes, herds of livestock drowned, and crops could not be planted.

Crops most seriously damaged by the bad weather were summer-harvested corn and sunflowerseed, both off in production as much as 35 percent each from the 1966 harvest. Wheat harvested in December 1966 was off 40 percent from the year before because of severe rainstorms which came shortly before harvest.

The wheat supply this year, however, is sufficient. To finish out a sales agreement with Brazil and comply with a commitment to the Netherlands, slightly more than 12,000 metric tons of wheat was exported during the first quarter of 1967. This left stocks on hand in the country precariously low for regular consumption requirements. Realizing this, the Uruguayan Government by decree required wheat holders to provide sworn declarations of stocks on hand. With supplies reported as sufficient, the government has taken control of the end use of these stocks.

Estimates indicate that less than half the acreage seeded last year is planted to wheat now for the December harvest. Using average yields per hectare in projecting outturn next December, production should be 150,000 to 200,000 tons. The government is now looking for sources of wheat, which will obviously be needed between June and December 1968.

Heavy rains which flooded this Uruguayan farm killed off crops and livestock throughout most of the country. Valuable pastureland was destroyed when July freezes set in.

Inquiries for imports of U.S. wheat for this year have now been pushed ahead into 1968.

Rice, which is produced in irrigated areas, thus far has escaped weather damage.

Some 75 percent of this year's citrus production was lost, but it is too early to know how seriously trees were damaged by the freezes. Many believe all young orange and lemon trees in most areas are dead as well as bearing wood on older trees.

All above-ground vegetables were frozen. Lettuce, tomatoes, greens of all kinds were off the market and prices soared. A single carrot sold for more than a bunch of twelve had cost before the freeze. These crops will be replaced as soon as weather permits new plantings.

Livestock damaged

The toll was particularly heavy for Uruguay's livestock farmers. More than 75 percent of Uruguay's agriculturally productive land is in permanent pastures supporting 8.5 million cattle and 22.5 million sheep. With normal year-round range grass, ranchers generally do not use feedgrains or store forage for livestock. Ranchers are facing serious feed shortages this year, however, since the freeze damaged

the grass in most areas. Sheep ranging over the same fields as cattle have eaten the grass so low to the ground there is little left, and since production of supplemental forage is not practiced, there is no recourse except to wait for the grass to begin growing again.

Because of the condition of pastures, owners of range animals are dipping into supplies of domestic and imported feedgrains usually reserved for dairy cows, poultry, swine, and purebred livestock. Supplies from the low March harvest are still available—at very high prices—but the supply situation could become critical in the months preceding the 1968 harvest. According to the Ministry of Agriculture, Uruguay is short 60,000 tons of feedgrains—two-thirds corn and the rest barley.

Animals have lost weight because of feed shortages and are dying from disease infection contracted because of their weakened condition. Those unable to walk to market have been skinned and left where they fell.

The wool clip in October-November can be expected to be 2,000-4,000 tons below last year's because of loss in weight of fleece per head. Many sheep were actually drowned in flooded areas of east and central Uruguay, while many of the lambs born in wet fields died at birth or shortly after.

Meat production will be off due to loss in weight and death in cattle, but it is too early to forecast total effects of the bad weather on meat production. Cattle slaughter for public use (except hospitals) was banned for October. There are labor strikes and economic factors which could also be influential. For example, the nationally owned slaughterhouse, which supplies the domestic market, is not now in operation because of a labor dispute, and unless there is an export market for beef at a profitable price packers will not work. Furthermore, ranchers who would like to sell weakened cattle now will not be willing to market them when new grasses and ample feed are available.

Record Australian Rice Crop Encourages Production Expansion

Australian rice production continued the long-term upward trend to make the 1966-67 harvest the sixth record crop in succession. (See *Foreign Agriculture*, June 5, 1967 for forecast.) Acreage planted and good yields were chiefly responsible for this season's success. Not only did plantings in New South Wales reach a record level at 73,820 acres in 1966-67, but yields also set a new record with an average of 6,385 pounds of paddy per acre, the world's highest. New South Wales production was 214,000 metric tons of paddy, while the remainder of the record 215,000 tons produced represents mainly small experimental crops harvested in Queensland, Western Australia, and the Northern Territory.

Further expansion in rice production is expected during the coming seasons. The view has been recently expressed and generally accepted that an annual production increase of about 10,000 tons could be maintained. In fact, this projected rise in production is somewhat less than that of recent years. Over the last decade that of New South Wales has increased an average of 11 percent each year.

Marketing scene shifts

The trade outlook for Australian rice is good, since the number of export markets is expected to increase. However, the traditional export pattern may shift somewhat as a result of the recent Kennedy Round negotiations.

For the 1966-67 season Papua and New Guinea remained the major export market for Australian rice, taking approximately 30,000 long tons. Okinawa continued to be the next major outlet, importing 16,350 tons, with Guam and the United Kingdom following at 5,000 and 8,500, respectively. As with the 1966 crop good world demand and strengthening prices permitted rapid disposal of the 1967 crop, and negligible carryover stocks are again expected. The overall marketing scene remains favorable, and for the present rice goes to traditional outlets.

However, as a result of the Kennedy Round agreements, the Australian rice industry over the next 4 years is to lose 50 percent of its current tariff preference in the United Kingdom, where it already finds increasing competition from Mainland China and the United States. If Britain joins the Common Market, the U.K. market could be jeopardized. These problems have been aggravated by constantly rising shipping rates and the 3¾-percent freight surcharge following closure of the Suez Canal, so that Australia now looks to Asia and the Pacific for potential markets. Expansion in this direction is already seen; Australian rice sales in the Orient (other than Papua and New Guinea) have increased tenfold in the last 10 years.

New variety introduced

Change in the domestic market is seen in the growing consumer preference for long grain rice. This is expected to lead to expansion in its production and could affect the demand for imported long grain rice now largely supplied by the United States. A second innovation in the traditional short and medium grain Australian rice industry may be seen as the successful new variety, Kulu, a semi-long grain rice, makes its impact on the industry. This year the Rice Marketing Board received about 2,000 long tons of the newcomer, the first commercial production of the variety.

Continued increase to meet the demands of expanding foreign markets (despite some difficulties) has led to expansion in production of long grain types, introduction of a new rice type, and an increase in planted acreage. This will include additional irrigation in several of the New South Wales districts and, more significantly, a new interest in rice growing in Queensland. At this stage the Queensland venture cannot be regarded as serious competition for New South Wales' virtual monopoly.

Nevertheless, poor quality tobacco production in Queensland has led farmers to alternative irrigation crops, and some growers have achieved experimental yields of up to 3 tons per acre of Blue Bonnet rice. Such indicators lead to encouraging prospects for Queensland producers for future competition with New South Wales, and a 1,500-acre planting is envisaged for the coming season. Conceivably, if the contemplated dam on the Burdekin River is built, the Burdekin Basin in Queensland could ultimately eclipse New South Wales as Australia's major rice producing area.

—Dispatch from FRED M. LEGE III
U.S. Agricultural Attaché, Canberra

Japanese Cotton Imports Reach Postwar Peak

Continued expansion of Japanese textile consumption and above-normal stock building by spinners in anticipation of higher world prices pulled up the country's imports of raw cotton to a postwar record in 1966-67. In an arena of over 24 suppliers, the United States took top billing with 34.8 percent of the total.

Imports during August-July 1966-67 amounted to 774,244 metric tons, an increase of 15.5 percent from the previous year's takings of 670,109 tons. Of this, the U.S. share was 269,792 tons, against 180,387 tons or 26.9 percent in 1965-66. The sharp increase in imports from the United States resulted from the relatively low import prices and small carryover stocks of U.S. cotton. According to the Japan Cotton Traders' Association, about 62 percent of the U.S. cotton purchased in 1966-67 was bought under export credit programs.

Imports of raw cotton from Mexico and the Central American countries declined sharply, reportedly because of poor harvests in 1966, while those from the Soviet Union, Sudan, and east Africa increased. Russian cotton seems to be primarily displacing Central American and Arizona cottons as a result of rising prices for better qualities of upland cotton and greater Japanese consumption of medium staple varieties. Reports indicate that the Russian product is of good quality.

Raw cotton imports in 1967-68 are forecast at about 720,000 tons. The Japanese trade anticipates that purchases of U.S. cotton will fall to about 185,000 tons because of the scarcity and higher prices of medium and longer staple varieties.

Mill consumption of raw cotton in 1966-67 totaled 697,000 metric tons, close to the 1965-66 level. As a result of increased demand for cotton yarn and fabrics, the cotton spindle curtailment was abolished in March, and mill consumption increased substantially during the last quarter (May-July) of the season. For 1967-68, it is expected to total 740,000 tons.

Wadding manufacturers used 48,715 tons of raw cotton in 1966-67, 5.5 percent more than they did a year earlier. Use of extra high micronaire U.S. cotton for quilting showed a substantial increase. On the other hand, cotton use in the manufacture of sanitary supplies dropped slightly.

Stocks of raw cotton at the end of July totaled 220,000 tons, up considerably from 152,000 a year earlier, 179,000 in 1965, and 172,000 in 1964. This high level of stocks reflects the expected higher prices of U.S. and other cottons after August 1967.

New Hungarian Trade Decree

A decree permitting Hungary's collective and state farms to engage directly in foreign trade will become effective January 1, 1968. Under the new policy, foreign trade companies—which now assume all commercial responsibilities for the farms—will act merely as agents.

The decree purports to put greater emphasis on the quality and immediate salability of farm products. Farm profits will thus become more dependent on efficient production. In the past, the farms have been more concerned with the quantity, not the quality, of their output.

The government still faces other problems in foreign trade, namely convertibility of foreign exchange, import permits, and export subsidies.

Record Cattle Prices Hurt Argentine Beef Shipments

Live cattle prices moved to record highs in Argentina in mid-October—because of transportation problems and heavy rains—and are not expected to reverse significantly until sometime this month. As a result, purchases by export packinghouses have been minimal, necessitating postponement of many commitments until purchases and prices establish more normal levels.

Prices for chiller-type steers were ranging between 70 and 80 pesos per kilogram (9 and 10 cents per lb.), at one point reaching 100 pesos per kilogram (13 cents per lb.). This compares with an average of 62 pesos (8 cents) during the first 6 months of the year.

Shipments to the United Kingdom have been cut back most notably, although exporters are also having some difficulties meeting their quota shipments to Spain. Not only refrigerated beef, but also processed items like corned beef, are affected.

Producers are now taking advantage of improved forage conditions brought on by the recent rains after drought had prevailed since midyear.

Malaysia Progressing With Economic Development Plans

Agricultural development is making headway under Malaysia's Five-Year Plan, now in its second year. To help promote greater farm production and increase farm income, the government has expanded research, education, extension services, and subsidies and has introduced improved marketing organizations, better rural credit facilities, more secure land tenancy, and more favorable rents for tenant farmers.

Looking at crop production, the government's efforts appear to be paying off. Output of rubber, the country's chief exchange earner among agricultural products, is expected to hit the million-ton mark in 1968. An estimated 80 percent of the estates and 60 percent of the smallholdings in West Malaysia have already been replanted with high-yielding trees.

Production of two other major commodities—palm oil and rice—is also gaining. Last year, Malaysia became the world's leading producer of palm oil, and output is expected to reach 300,000 tons by 1970. A sharp increase in domestic rice production—perhaps enough to end Malaysia's dependence on imports—is expected in the 1970's with the completion of the $67 million Sungei Muda Irrigation Scheme in the principal producing state of Kedah and smaller projects in other rice-growing areas. Another major program, the clearing of 130,000 acres of jungle, is designed primarily to boost the smallholder output of export commodities and will also provide each of 15,000 settlers with 1½ acres for subsistence crops and other items to sell on the local market.

Output of pineapples, corn, and coffee has been increasing and will likely continue to do so under various subsidy schemes. Farmers are being encouraged to plant new crops—like sorghum and soybeans—to diversify their production and are also being urged to produce table meats.

For further details on the Five-Year Plan, see *Foreign Agriculture*, January 9, 1967. An article on Malaysian palm oil appeared on October 23.

World Food Production Advanced Last Season Despite Stagnation in Developing Countries

World food output showed some recovery last year from the low level of 1965, but it was the rich nations—not the developing ones—that reaped the better harvests, according to the World Food and Agriculture Organization (FAO).

In its annual publication *The State of Food and Agriculture 1967*, FAO reports that total world food production climbed about 4 percent in 1966 as a result of a 6-percent gain in developed countries' production.

Leading the way among these countries was Oceania, which recouped its poor 1965 showing with a production increase of 13 percent. In the Soviet Union and Eastern Europe, record grain crops lifted output some 10 percent above 1965's, while in Western Europe more modest gains of 2 and 3 percent were recorded.

Lack of progress elsewhere

The developing nations, on the other hand, continued to suffer from poor crops. Total output in these countries rose only 1 percent between 1965 and 1966, and their explosive population growth rates made domestic food supplies tighter than ever.

Among these countries, Africa and Latin America followed their production standstills of 1965 with declines of 1 percent. Output in the Near East rose 2 percent, while that in the Far East (excluding Mainland China) climbed 3 percent from the depressed level of 1965.

An annual population growth of 2.5 percent, however, reduced the actual output per person in the developing countries to the lowest level since 1957 and over 4 percent below the peak achieved in 1964.

Dr. B. R. Sen, Director-General of FAO, writes in a foreword to the report that progress made by these countries over the previous decade in expanding per capita food output has been wiped out by the poor results of the last two seasons. "Time is still needed," he says, "for the agricultural revolution to gather sufficient momentum."

The food supply situation in these developing countries, according to the report, was kept somewhat more favorable than per capita production by bigger imports and reduced exports.

Imports of food by the developing countries rose an estimated 4 percent in 1966 to around US$4.5 billion, with some of this supplied under concessional sales programs. Total agricultural imports by these countries are estimated at $5.6 billion—or about 45 percent of their receipts from agricultural exports.

At the same time the value of developing countries' agricultural exports, based on current prices, fell about 2 percent, cutting purchasing power for manufactures by about 3 percent.

Short supplies of rice in the Far East and of wheat in Latin America, plus lower prices for coffee, meat, cotton, wool, sisal, and rubber were among the reasons behind this decline in export value.

Total exports of agricultural products, on the other hand, rose about 2 percent in 1966, but continued increases in prices for manufactured goods about canceled out the gain.

Accounting for much of the export expansion was North America, whose larger grain sales helped boost exports some 13 percent. Agricultural exports of Oceania fell, and only a small gain occurred in Western Europe's sales.

Other elements in the report

The State of Food and Agriculture 1967 discussed several other trends in agricultural production and trade. Among them:

- After generally poor crops in 1965 total cereal production (including rice) rose 8 percent, with wheat gaining 18 percent, citrus fruit and jute 14, barley 11, soybeans 10, and rice and cocoa 7. Most other commodities rose moderately, but there were declines of 15 percent in coffee, 11 in cotton, and 4 in wine. World production of fish rose 5 percent as a result of a comeback in South American output, a record catch in Scandinavia, and continued expansion in the USSR and other communist countries.
- Stocks of grain in North America declined further in 1966-67, but the reduction was much smaller than the dramatic fall the year before. Canadian stocks increased and for the first time exceeded those in the United States. USSR stocks were estimated to be up considerably after the record 1966 harvest, although precise information was not available. Only coffee, cotton, and sugar were still in surplus.
- The net flow of financial aid to developing countries appeared to have fallen slightly, after the 10-percent rise to $11 billion in 1965. There was little information on how much of this had gone to spur agricultural development.
- Consumption of commercial fertilizers, at "remarkably stable" prices, rose 11 percent in 1965-66. Percentage increases were "by far the most rapid" in developing countries, but consumption there was still only 10 percent of the world total (excluding Mainland China).
- Farmers received generally higher prices for their products, but the rise was not as great as in the year before. Prices paid by farmers also rose, so that their earnings barely paced the general cost of living.
- Food prices continued to rise—in many countries at rates faster than farm prices.
- Special chapters: Included in the publication were two special chapters on incentives and disincentives for farmers in developing countries and on management of fishery resources.

The chapter on incentives points out that it is not enough to give farmers the opportunity to use better production methods. They must be provided with the incentive to improve their farming—better conditions of land tenure, improved marketing and credit facilities, and more stable prices for their products.

International cooperation and assistance, says the chapter on management of fisheries, are necessary to develop fully the world's fishery resources. Fish production is increasing rapidly and can contribute more to world protein supplies, but resources must be protected from overexploitation.

- Looking ahead, the publication says the picture for 1967 remains unclear. Prospects as of July were good for higher production of wheat, but information for most crops "is still insufficient for any judgment on the level of world production."

Copies of the publication are available in English, French, and Spanish at US-$5.50 or 27s. 6d. U.S. sales agent is the Columbia University Press, International Documents Service, 136 South Broadway, Irvington on Hudson, New York 10533.

West Germany's Tobacco Imports Dip

West Germany's duty-paid imports of manufactured tobacco during the first 6 months of 1967 totaled 137.8 million pounds, a little below those of January-June 1966. Larger imports from the United States, Indonesia, Mainland China, and the Philippines did not offset declines in imports from Greece, Rhodesia, and Bulgaria.

WEST GERMAN DUTY-PAID TOBACCO IMPORTS

Origin	January-June 1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	38,267	42,985	48,815
Greece	25,650	28,681	20,945
Indonesia	3,438	3,220	11,712
Bulgaria	8,014	11,267	7,871
Brazil	8,938	6,283	6,665
Mainland China	777	3,373	5,280
Turkey	4,241	6,510	4,687
Japan	5,010	4,105	4,170
Rhodesia	11,489	9,383	3,380
Philippines	2,948	1,726	3,243
Taiwan	1,237	1,681	2,526
Thailand	1,206	2,879	2,437
South Korea	19	1,506	1,308
Others	15,238	16,672	14,751
Total	126,472	140,271	137,790

Tobacco Intelligence, London.

Brazilian Cotton Crop Up

Brazil's 1967-68 cotton crop is now tentatively estimated at 2.3 million bales (480 lb. net), well above the 2.0 million grown in 1966-67, but below the near-record 2.5 million produced in 1965-66. Aggregate acreage is expected to climb to 5.3 million acres—from 5.0 million in 1966-67.

Most of the increase in this season's crop is expected in the southern region, where planting is now under way after dry weather caused a delay in some areas. Cotton acreage in the south may total about 2.0 million acres this season, compared with 1.7 million in 1966-67 when the outlook for unfavorable cotton prices encouraged many producers to turn to peanuts and other alternative crops. Trade sources and producers expect cotton prices to compare favorably with prices for competitive crops this season. If normal yields prevail on the increased acreage, the southern crop will total about 1.4 million bales this season, compared with 1.2 million in 1966-67.

In the northeast, where crop patterns are relatively unaffected by short-term economic factors, cotton production is expected to continue the moderate upward trend that has been followed in recent years. Cotton acreage this season probably remained near the estimated 3.3 million acres under cotton in 1966-67.

Brazilian cotton exports during the first eight months (August-March) of the 1966-67 season totaled 620,000 bales, 44 percent more than exports during the same time span in 1965-66. Exports to major destinations during this period, with figures in parentheses for the same time period a year earlier, were: West Germany 161,000 bales (120,000); the Netherlands 79,000 (44,000); Hong Kong 70,000 (35,000); Japan 66,000 (44,000); France 50,000 (22,000); South Africa 49,000 (17,000); Belgium 30,000 (31,000); United Kingdom 26,000 (23,000); Italy 14,000 (1,000); Hungary 13,000 (12,000); and Czechoslovakia 10,000 (12,000). Brazilian shipments to Communist countries dropped to about 6 percent of total exports of cotton in the August-March 1966-67 period, from 14 percent in the same months of the previous season.

If the Brazilian economy strengthens as expected, domestic cotton consumption will likely be larger than the 1,250,000 bales used in each of the past two seasons. Stocks on August 1 were estimated at 820,000 bales, 23 percent below the 1965-66 level. The drop is attributed to the smaller 1966-67 crop and the increase in the 1966-67 exports.

India's Oilseed Production Forecast

Production of the five major oilseeds in India during 1967-68 is currently forecast at 8.8 million metric tons—up 4 percent from the record outturn of 1964-65 and 44 percent above 1966-67's reduced production of 6.2 million. The promising outlook is based on weather and crop reports, which indicate that rains have been satisfactory throughout the country.

Excellent progress has been reported in the peanut growing area, where rains have been timely and well spaced through September. Peanut production in 1967-68 is forecast at a record 6.3 million tons, 40 percent more than this year's crop of 4.5 million and 7 percent above the record level of 1964-65. This crop usually represents about 70 percent of Indian oilseed production and over 50 percent of the vegetable oil output.

Sesame seed production is also expected to be much larger in 1967-68 than in the past season. The three winter oilseed crops—mustard and rapeseed, flaxseed, and castor—are yet to be planted, but the situation indicates better than average outturns.

INDIA'S PRODUCTION OF MAJOR OILSEEDS

Oilseed	1964-65	1965-66	1966-67	Forecast 1967-68
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Peanuts (in-shell)	5,888	4,231	4,485	6,300
Mustard and rapeseed	1,466	1,268	1,000	1,500
Sesameseed	493	407	404	450
Flaxseed	503	329	250	450
Castor	108	71	90	125
Total	8,458	6,306	6,229	8,825

Philippines Export Less Copra, Coconut Oil

Registered exports of copra from the Philippines during September 1967 totaled 79,603 long tons, compared with 81,650 last year. Of the total, 28,852 tons moved to the United States, against 20,250 in September 1966.

August exports of copra, previously reported in *Foreign Agriculture*, October 2, 1967, were erroneous. The correct total should be 63,307 long tons, with 19,807 tons sent to the United States.

Exports of coconut oil totaled 19,988 long tons, down from the 28,063 a year earlier. Shipments to the United States were 17,257 tons compared with 18,229 a year earlier.

Cumulative Philippine exports of copra and coconut oil during January-September 1967 totaled 517,387 long tons (oil-equivalent basis)—30 percent below the 671,747 tons exported during the same period a year ago.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL

Commodity and destination	September		January-September	
	1966	1967 [1]	1966	1967 [1]
	Long tons	*Long tons*	*Long tons*	*Long tons*
Copra:				
United States	20,250	28,852	208,633	179,229
Europe	60,600	42,900	430,343	297,207
South America	500	850	21,751	22,250
Japan	300	6,500	33,800	60,951
Middle East	0	0	2,155	0
Other Asia	0	501	0	987
Africa	0	0	1,300	0
Total	81,650	79,603	697,982	560,624
Coconut oil:				
United States	18,229	17,257	178,014	137,816
Europe	9,314	2,731	45,041	20,667
Japan	0	0	0	105
South Africa	520	0	1,984	0
Total	28,063	19,988	225,039	158,588

[1] Preliminary.
Associated Steamship Lines, Inc., Manila.

World Barley and Oat Production Up 3 Percent

The world barley and oats production in 1967 totaled 149 million metric tons, 3 percent above the 1966 combined total.

World barley production in 1967 is estimated at a record 105.0 million tons, 5 percent above the 1966 crop on a 3-percent larger acreage. The North American barley crop, at 13.8 million tons, was down 10 percent. Western Europe had an exceptional harvest—37.0 million tons, or 15 percent more than last year's record.

World oat production, estimated at 43.9 million tons, is 3 percent below 1966 with acreage also off 3 percent. The North American crop totaled 16.4 million tons, down 6 percent, while the West European crop, at 12.5 million tons, rose 9 percent.

Tables and analyses appeared in the October *World Agricultural Production and Trade—Statistical Report.*

Honey and Beeswax Production Up in Turkey

Honey production in Turkey during 1967 is forecast at 27.6 million pounds, 12.5 percent above the 1966 outturn. Beeswax output is expected to reach 2,646,000 pounds this year, compared with 2,394,000 in 1966.

Domestic demand for honey and beeswax has increased rapidly in Turkey. To meet this demand, a number of measures are being used to stimulate local production. The Ministry of Agriculture has organized beekeeping courses and seminars and has encouraged demonstrations by successful beekeepers. In addition, the Ministry has begun building factories which will manufacture modern hives for sale at low cost. The production of wax is being encouraged through an educational program to teach consumers to eat honey after it is extracted from the comb as opposed to the traditional manner of eating the honey from the comb.

TURKEY'S PRODUCTION OF HONEY AND BEESWAX

Year	1960-64	1965	1966	1967 [1]
	1,000 hives	*1,000 hives*	*1,000 hives*	*1,000 hives*
Number of hives:				
Old type	1,337	1,380	1,330	1,330
Modern type	223	300	338	350
Total	1,560	1,680	1,668	1,680
	Pounds	*Pounds*	*Pounds*	*Pounds*
Yield per colony	13.0	13.1	14.7	16.4
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Honey production	20,344	[2] 22,000	24,504	27,558
Wax production	2,149	2,425	2,394	2,646

[1] Forecast. [2] Estimated.

New Zealand Wool Growers Get Support Program

New Zealand has taken action to deal with the disastrous situation of this season's wool sales. The Wool Commission announced it would no longer support wool sales at the minimum floor-price of 25 cents (New Zealand) a pound, but would drop the average floor-price support to 16¼ cents (New Zealand). This is a drop of 35 percent.

The New Zealand Wool Commission will subsidize the grower by giving a deficiency payment to meet any difference between the realized auction price and the 25 cent floor-price.

The lower floor-price is thought to be more realistic in creating more trading interest from overseas buyers. The New Zealand Government hopes the action will move more wool into foreign markets and cut back wool purchases by the New Zealand Wool Commission.

Spain Produces and Consumes More Poultry

Spain's production of poultry in 1966 reached 468 million pounds, an increase of 40 percent over the 324 million of 1965. During the same period, consumption of commercially slaughtered poultry in Spain also increased 40 percent to reach 15 pounds per capita. Expanded production was made possible by a gain in mixed feed output, part of Spain's program to increase agricultural production. The rapid rise (8 percent) in per capita income and the substitution of poultry for costlier red meat have contributed to the increase in consumption.

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IMF's Plan for SDR's—So-called Paper Gold—Goes to Member Governments

A new monetary reserve asset, called a Special Drawing Right (SDR), received approval of the International Monetary Fund (IMF) at its recently concluded annual meeting held in Rio de Janeiro. Purpose of the new asset is to increase world trade and capital flows by making available an additional means of payment to countries who have balance-of-payments problems.

The draft outline of the new facility as approved by the IMF is the result of 4 years' discussion on international liquidity carried on in the Fund and many other forums. One to two years more will elapse before the new reserve asset could take its place alongside the traditional assets of gold, foreign exchange, and the present IMF drawing rights. IMF's Articles of Agreement must be amended to incorporate the provisions of the plan and this requires ratification by the member governments of the IMF.

Once the ratification process is completed, the Drawing Right plan goes into effect only when 85 percent of the IMF participants determine that international liquidity demands it. The requirements of an 85-percent majority for implementation of the plan (and certain other major features concerning it) in effect gives the member countries of the European Economic Community a veto power if they act in concert.

The EEC countries are major world traders. As a group, they accounted for 29 percent ($52.6 billion) of world exports in 1966, and at the end of 1966 they held 34 percent ($24.4 billion) of world reserves. This compares to 17 percent ($30.4 billion) of world exports and 21 percent ($14.9 billion) of world reserves accounted for by the United States for the same periods.

Once the plan is implemented, a member country can make use of its Drawing Rights unconditionally. It can use them to meet its foreign obligations or to acquire hard currencies with which to meet them. Currencies to be acquired by using the SDR's are to come from countries with a strong reserve position coupled with a strong to moderately strong balance-of-payments position. Limits are set on the amount of SDR's a participant can be required to hold, but it is expected that participants will hold some in excess of the required amount.

They are encouraged to hold more since they are subject to an absolute maintenance of gold value and moderate rates of interest will be paid to countries holding SDR's.

The requirement that the Drawings must be partially reconstituted so that a member's average use over a 5-year period does not exceed 70 percent of its average net cumulative allocation is eased since the interest, which will be paid by those using the Drawings, encourages them to reconstitute their position.

In his address at the Fund's Annual Meeting Pierre-Paul Schweitzer, the Fund's Managing Director, stated that the new facility would greatly help the Fund in the pursuit of its objectives which include "the expansion of trade, the development of the resources of all its members, and a regime of stable exchange rates."

—GEORGE R. KRUER
Foreign Development and Trade Division, ERS